

**BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF UTAH**

Collaborative Stakeholder Process for Rocky Mountain Power’s Grid Modernization and Rate Design :
: **Docket No. 21-035-16**
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COMMENTS OF THE KROGER CO.

Pursuant to the Commission’s March 17, 2021 Scheduling Order, The Kroger Co. (“Kroger”) submits these Comments on Rocky Mountain Power’s (“RMP” or “the Company”) Informational Filing. The Informational Filing established a list of potential rate design issues that may be discussed in the collaborative stakeholder process, including “conjunctive billing.”¹

As a part of the rate case (Case No. 20-035-04) proceeding, Kroger recommended that the Commission consider approving a multi-site commercial rate for Schedule 6 customers.² A multi-site commercial rate aggregation program would allow eligible customers with multiple service locations to aggregate their demands for purposes of production and transmission billing. For a multi-site aggregation program, the billing demand is measured as the highest hourly demand occurring simultaneously across each of a customer’s participating locations, thereby measuring billing demand for the totality of the customer’s participating sites as if it were a single load for billing purposes. This is described as conjunctive demand billing and should only apply to a customer’s generation and transmission service. The distribution portion of the bill should be calculated using demand billing determinants established separately at each location. This type of aggregation properly allows a multi-site customer to capture the diversity within its loads for billing purposes, specifically in the determination of billing demand. By

¹ Informational Filing p. 11.

² Kroger Brief, pages 6-8.

treating the multiple loads of a single customer as a single entity for the purpose of measuring the amount of production and transmission service provided to the customer, the customer's load is treated in a manner that is comparable to the treatment of a single-site customer with the same aggregate load shape.

Conjunctive demand billing should only apply to the fixed generation and transmission costs as distinct from distribution costs. The rationale for this approach is that each facility owned by a multi-site customer causes unique distribution costs and therefore it is appropriate to recover those costs based on the peak demand of each individual facility. However, that is not the case for fixed production and transmission costs. At the generation and transmission level, it makes no difference whether 5 MW in a given hour is going to a single-site customer with a 5 MW load or to a multi-site customer with five facilities taking 1 MW each. The cost to produce and transmit the 5 MW in that hour is not materially different. Conjunctive demand billing also provides a price signal to multi-site customers to more effectively manage the aggregate loads across its accounts to reduce peak demands. This can result in more efficient resource utilization and lower overall system costs providing a net benefit to all customers.

For a multi-site customer, it would not be unusual for each of its sites to be peaking at a different hour in each month. Under the Company's current rate structures, this means that the customer's cumulative billing demand for fixed production costs would exceed the customer's actual aggregated peak demand measured on an hour-by-hour basis (as if it were a single-site customer). In other words, under the current rate structure, the multi-site customer might be billed for 5.5 MW of fixed production demand based on the sum of the individual peaks of each of its sites (occurring at different hours), whereas in fact, the customer's actual aggregate demand for fixed production demand in any hour might be no greater than 5 MW. A conjunctive demand rate can correct for this upward bias in the billing demand that would otherwise be charged to a multi-site customer by aggregating the customer's billing demands for peak demand measurement purposes. With the proper metering in place, this correction simply charges multi-site customers for the fixed production service that they actually use and places them on an equal footing

with single-site customers. Under a well-designed conjunctive demand rate, a multi-site customer that has the same aggregate demand for power supply as a single-site customer pays exactly the same rate and dollar amount for power supply as that single-site customer.

Thus, there is no cost-of-service reason why a multi-site customer's generation load should have a different cost than a single site customer's generation load, assuming the same load characteristics and service voltage. This is also evidenced by looking at how demand is measured in retail access markets. In these markets the wholesale cost of power would be the same for a multi-site customer using the same cumulative MWs as a single-site customer assuming the same peak demand and service voltage. The cost to serve a MW of generation should be the same whether it is behind a single meter at one site or at multiple sites, again assuming similar load patterns and voltage levels. Guided by this rationale, multi-site rates have been approved by public utility Commission's in other jurisdictions; notably in Arizona,³ Michigan⁴ and Washington.⁵

Another potential benefit of conjunctive billing is that it could accelerate the adoption of electric vehicle (EV) charging stations. Under conjunctive billing, multiple EV charging stations that are operated by a common owner could benefit from the measurement of billing demand for generation based on the conjunctive, or aggregate, demand of multiple facilities, rather than a station-by-station method which would not recognize the diversity benefit of the aggregate loads that they place on the system.

³ Arizona Public Service Company ("APS") has an Aggregation Rate Discount that was approved by the Arizona Corporation Commission in Docket No. E-01345A-16-0036. The APS Aggregation Rate Discount is a provision included in APS' commercial Rates E-32 L and E-32TOU L.

⁴ Consumers Energy in Michigan has an approved Aggregate Peak Demand Service Provision. This program is available to any customer with 7 accounts or more who desires to aggregate its On-Peak Billing Demands for power supply billing purposes.

⁵ The Washington Utilities and Transportation Commission approved a multi-site aggregation tariff proposed by Puget Sound Energy ("PSE") in its most recent rate case. PSE's "Conjunctive Demand Service Option Pilot Program" will allow customers with multiple service locations to pay a demand charge based on the coincidental peak of all their metered locations rather than the arithmetic sum of the demand charges (in dollars) resulting from each service location's non-coincidental peak demand. PSE's proposal received broad support from customers and the Washington Commission Staff and was approved on July 8, 2020. Washington Utilities and Transportation Commission, Docket UE-190529, Order of July 8, 2020, at 168-174.

Initially, it would be appropriate to establish a conjunctive billing rate as a pilot program in order to gain experience. Conjunctive billing rates, such as the ones approved in Michigan and Washington require eligible customers to have multiple accounts with a minimum amount of billing demand for each eligible site at 250 kW and 350 kW, respectively. Limiting a pilot conjunctive billing rate to customers with larger loads on Schedules 6, 8, and 9, that already have the appropriate metering installed will mitigate the administrative burden of administering the program. After the Company completes its deployment of advanced metering infrastructure and implements an advanced billing system it can consider the effectiveness of expanding a conjunctive billing rate to smaller customers.

Rocky Mountain Power has indicated that it is supportive of exploring the reasonableness of a multi-site commercial rate for Schedule 6 in the collaborative stakeholder process. Kroger proposes that a multi-site commercial rate for Schedule 6 be evaluated in the collaborative process for possible implementation in the next rate proceeding.

Respectfully submitted,

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